



In Detail: The Student Loan (Access to Higher Education) Act, 2024

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President Bola Tinubu, on Wednesday, April 3, 2024, signed into law the Student Loans (Access to Higher Education) (Repeal and Re-enactment) Bill, 2024. The Act is of historic proportions as it seeks to guarantee sustainable higher education and functional skill development for all Nigerian students and youths.

WHY THE PREVIOUS ACT WAS AMENDED

The repealed Student Loan Act, 2023, had some challenges bordering on governance and management, purpose of the loans, eligibility criteria for applicants, method of application, repayment provisions, and recovery of the loans.

THE AMENDMENTS UNDER THE NEW ACT

Student Loans (Access to Higher Education) (Repeal and Re-enactment) Act, 2024 sufficiently resolved the challenges highlighted above and includes the following amendments:

(a) Establishes the Nigeria Education Loan Fund (NELFUND) as a body corporate that can sue and be sued in its name and has the power to acquire, hold, and dispose of movable and immovable property for the purpose of its functions.

- This ensures that the Fund can legally enter contracts, including loan agreements, and may also initiate action to ensure repayment by beneficiaries.

(b) Empowers the Fund to provide loans to qualified Nigerians for tuition, fees, charges, and upkeep during their studies in approved tertiary academic institutions and vocational and skills acquisition institutions in Nigeria.

- Build, operate, and maintain a diversified pool of funds to provide loans to qualified applicants and ensure access to higher education, vocational training, and skills acquisition.
- These amendments ensure that students can apply for and receive loans to cover tuition, institutional charges, and some upkeep.

(c) Separates the governance functions from the management operations of NELFUND by establishing a board of directors with a chairman and a secretary.

- The board's members are drawn from relevant ministries, regulatory bodies, and participating agencies, including the Federal Ministries of Finance and Education, the FIRS, NIMC, NUC, NBTE, and NCCE, as well as representatives of universities, polytechnics, colleges of education, students of tertiary institutions, and the organized private sector.
- Establishes a management team led by a managing director, including executive directors responsible for the day-to-day management and operations of the Fund.
- The President of the Federal Republic of Nigeria appoints the Board and Management.

(d) Properly defines the resource structure of the Fund by, among other things, establishing the General Reserve Fund into which shall be paid 1 percent of all taxes, levies, and duties collected by the Federal Inland Revenue Service and accruing to the benefit of the Federal Government, and

- From which the Fund shall pay amounts payable as loans to qualified applicants for tuition, fees, charges, and upkeep, as well as the Fund's operational expenses and such expenditures necessary to attaining the Fund's objectives and functions.

(e) Changes to eligibility criteria for applicants

- Removes the family income threshold so Nigerian students can apply for these loans and accept responsibility for repayment according to the Fund's guidelines.
- Removes the guarantor requirement so that students can apply for and receive loans subject to application and identity verification guidelines as provided by the Fund.
- Student applicants can no longer be disqualified based on their parent's loan history.

(f) Establishes a justice and fairness provision mandating the Board to ensure a minimum national spread of loans approved and disbursed in each financial year.

(g) Applicants to the Fund may apply for loans to cover tuition and other fees payable to the school and maintenance allowance payable to the student.

(h) Repayment of loans by beneficiaries

- The Fund shall not initiate loan recovery efforts until two years after the completion of the National Youth Service Programme.
- A beneficiary may request an extension of enforcement action by the Fund by providing a sworn affidavit indicating that he/she is not employed in any capacity and is not receiving any income.
- Only a person who provides a false statement to the Fund under this section is guilty of a felony and is liable to imprisonment for three years.
- Makes provision for loan forgiveness in the event of death or acts of God causing inability to repay..

The Act effectively removes the previous encumbrances found in the first iteration of the Act, and paves the path for the protection of Nigeria's future by ensuring that citizens have the means to fund their education, acquire critical skills, and become productive contributors to national development.

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